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SUBJECT: IRAN OFFSHORE OIL PRODUCTION DECLINING, FAILING TO MEET
PRODUCTION TARGETS

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¶1. (U) SUMMARY: Recent statistics in Iranian press indicate Iran's current offshore oil production in the Persian Gulf is declining. This decline comes despite ambitious growth plans for offshore production in the current Five-Year Development Plan, which has the target of one million barrels per day offshore oil production by March 2010. Recent past peaks for offshore Persian Gulf oil production have been over 850 thousand barrels per day, but this production for the first half of the current Iranian year has been 657 thousand barrels per day. Iran's Persian Gulf oil production woes illustrate the truth that unless Iran can attract significant energy sector foreign direct investment, it will be hard pressed to maintain, much less significantly increase, onshore or offshore production. END SUMMARY.

¶2. (U) Iran's offshore Persian Gulf oil production is managed by the Iranian Offshore Oil Company (IOOC), itself a subsidiary of the National Iranian Oil Company (NIOC). IOOC has four operational districts (Bahregan, Kharg, Lavan, Sirri), and is charged with producing oil and gas from the Persian Gulf, excluding North and South Pars gas fields.

¶3. (U) According to trade publications, recent past peak oil production of these offshore Persian Gulf fields has been approximately 862 thousand barrels per day (mbpd), with a general range of overall production from 655 mbpd to 801 mbpd.

¶4. (U) Western trade press estimates that if optimally developed future potential of these IOOC fields could be almost 1.5 mmbpd.

In order to meet targets set in Iran's Fourth Five-Year Development Plan (FYDP), the IOOC must increase its daily crude oil production from these existing Persian Gulf fields by the end of the current year (1388, which ends 20 March 2010) to 1 million barrels per day (mmbpd). However with less than six months left in the Fourth FYDP, not only has this IOOC production not increased to 1 million barrels per day but in the first half of the year (March 21 to September 20 2009) has decreased by 63 thousand bpd (mbpd) to approximately 657 mbpd.

¶5. (U) According to an October 2009 Iranian trade press article, details of IOOC's declining oil production for IOOC's four operational areas are as follows:

BAHREGAN OPERATIONAL AREA

16. (U) IOOC's Bahregan Operational Area consists of the following fields: Hendijan, Bahregansar, Noruz, Soroush. In Shahrivar month of this year (22 August to 22 September 2009) the average production fell to 168 mbpd, a drop of 27 mbpd in comparison with the same period last year.

Production breakdown by field is as follows, followed by average production in the first six months of the previous Iranian year:

Average Daily Oil Production in Shahrivar (22 August to 22 September 2009) / Average for First Six Months of Last Iranian Year (21 March to 21 September 2008):

Hendijan: 23 mbpd / 28 mbpd

Bahregansar : 7 mbpd / 9 mbpd

Nowruz: 54 mbpd/ 66 mbpd

Soroush: 82 thousand bpd / 90 thousand bpd

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KHARG OPERATIONAL AREA

17. (U) IOOC's Kharg Operational Area consists of the following fields: Abuzar, Dorud, Foruzan (joint with Saudi Arabia). In Shahrivar month of this year (22 August to 22 September 2009) the average production fell to 316 mbpd, a decrease of 20 mbpd in comparison to a same period last year.

Production breakdown by field is as follows, followed by average production in the first six months of the previous year:

Average Daily Oil Production in Shahrivar (22 August to 22 September 2009) / Average for First Six Months of Last Iranian Year (21 March to 21 September 2008):

Abuzar: 142 mbpd / 151 mbpd

Dorud: 127 mbpd / 139 mbpd

Foruzan: 45 mbpd / 45 mbpd

LAVAN OPERATIONAL AREA

18. (U) IOOC's Lavan Operational Area consists of the following fields: Rashadat, Resalat, Salman (joint with UAE), Balal. In Shahrivar month of this year (22 August to 22 September 2009)

average production relative to last year's same period stayed the same, with no noticeable decrease. Average crude oil production of the Lavan area in the first six months of this year was approximately 90 mbpd.

Production breakdown by field is as follows, followed by average production in the first six months of the previous year:

Average Daily Production in Shahrivar this Year / Average for First Six Months of Last Iranian Year (21 March to 21 September 2008):

Rashadat: 9 mbpd / 3 mbpd

Resalat: 10 mbpd / 9 thousand mbpd

Salman: 51 mbpd / 57 mbpd

Balal: 19 mbpd / 18 mbpd

SIRRI OPERATIONAL AREA

¶9. (U) IOOC's Sirri Operational Area has the following fields: Sivand, Dena, Nosrat, Alvand, Esfand. In Shahrivar month of this year (22 August to 22 September 2009) the average production fell to 82 mbpd, a decrease of 15 mbpd in comparison to a same period last year.

Production breakdown by field is as follows, followed by average production in the first six months of the previous year:

Average Daily Production in Shahrivar this Year / Average for First Six Months of Last year (21 March to 21 September 2008):

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Sivand: 7 mbpd / 13 mbpd

Dena: 13 mbpd / 17 mbpd

Nosrat: 2 mbpd / 5 mbpd

Alvand: 3 mbpd / 6 mbpd

Esfand: 56 mbpd / 53 mbpd

¶10. (U) An October 6 Iranian trade press story notes that that these noticeable offshore oil production declines occurred whilst IOOC's numerous projects to expand production, to include NGL Kharg, the Bahregansar Expansion Project, and a plan for early production from the joint (with Oman) Hengam gas field, are all experiencing delays.

¶11. (U) COMMENT: According to trade press, Iran's annual natural decline rate for crude oil production is anywhere from eight to 11 percent. Iran's Persian Gulf oil production woes illustrate

the truth that unless Iran can attract significant energy sector
foreign direct investment, it will be hard pressed to maintain,
much less significantly increase, onshore or offshore
production. END COMMENT.
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